

8 AUG 1949

1059

TOP SECRET

GENERAL

1. Views on Soviet policy regarding Berlin--US Embassy
Moscow expresses its belief that the Kremlin remains uninterested in restoring a unified democratic government in Berlin and intends to continue its Berlin offensive designed to discredit and undermine the position of the western powers. The Embassy also expects further harassment of western communications to Berlin, particularly next winter if the airlift is deactivated. Embassy Moscow therefore fears that the western powers may play into the Kremlin's hands if they fail to maintain the western Berlin economy adequately and insist on applying the same standards of financial self-sufficiency to western Berlin as to the Western Zones.

25X1

2. Italian and Austrian reaction to possible ECA cuts--According to US Embassy Rome, Italian Premier De Gasperi has directed a personal appeal to Secretary Acheson regarding the proposed reduction in the 1949-50 ECA allocation to Italy. The Embassy transmits the view of Italian officials that the extreme danger point would be reached for Italy if its allocation fell below \$470 million and that the government would be forced to resign. De Gasperi further believes that disregard of Italy's minimum requirements under ECA would greatly strengthen the Communists in their campaign against the government, ECA, and the Atlantic Pact.

25X1

Meanwhile, US Legation Vienna views with grave concern the possibility that Austria's ECA allocation may be reduced to \$66 million. The Legation expresses the view that such a cut would threaten existing cooperation between the Austrian political parties and impair the prospects of saving Austria from Communism and Soviet domination.

- 1 -

Document No. 031
NO CHANGE in Class. ☐
☐ DECLASSIFIED
Class. CHANGED TO: TS S (C)
DEA Memo, 4 Apr 77
Auth: BDA REG 77/1763
Date: 13/3/78 By: ☐

25X1

CONFIDENTIAL

State Dept. review completed

TOP SECRET

(CIA Comment: CIA believes that the Italian Government is exaggerating the economic consequences of the proposed ECA cut, but that any substantial reduction would weaken the stability of the government and cause a shift to the right in its composition. CIA concurs in Legation Vienna's analysis of the effects of the proposed reduction in the ECA allocation to Austria and also believes such a cut would: (a) jeopardize Socialist control of labor; (b) precipitate panic conditions; and (c) make it virtually impossible for Austria to fulfill its treaty obligations.)

3. US advises against Greek military action in Albania --The Department of State has informed US Embassy Athens of the receipt of recent reports indicating that the Greeks may still be planning military intervention in Albania. The Department has instructed the Embassy "to make unmistakably clear once again" to the Greek authorities that the US is opposed to any rash military action, such as attempted encirclement of the guerrillas through Albanian territory or mass pursuit of the guerrillas into Albania.

(CIA Comment: As the Greek Army's summer offensive develops, guerrilla violations of the frontier, such as artillery fire and attempted counteroffensives from within Albania, will probably increase. CIA believes that under these circumstances the Greek Army may take matters into its own hands and dispatch units across the border in order to neutralize the most immediate sources of irritation.)

25X1

- 2 -

~~CONFIDENTIAL~~